

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

ULTRATEC, INC. and CAPTEL, INC.,

Plaintiffs,

v.

SORENSEN COMMUNICATIONS, INC.
and CAPTIONCALL, LLC,

Defendants.

ORDER

13-cv-346-bbc

In the wake of the Supreme Court’s decision in Limelight Networks, Inc. v. Akamai Tech., Inc., 134 S. Ct. 2111 (2014), plaintiffs have indicated their intent to proceed at trial on a claim of indirect infringement of two method patents based on a “direction and control” theory as articulated by the Federal Circuit in Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318 (Fed. Cir. 2008). In Muniauction, the Federal Circuit held that, although “direct infringement requires a single party to perform every step of a claimed method,” *id.*, at 1329, a defendant who exercises “control or direction” over the entire process such that every step is attributable to the controlling party can be liable for direct infringement even though the steps of the method are actually undertaken by multiple parties. *Id.*

Plaintiffs’ theory, as I understand it, is yet a step removed from Muniauction. Plaintiffs do not intend to prove that defendants exercise the necessary direction and control over their customers as to make performance of every step of the asserted method patents attributable to defendants. Instead, they contend that it is defendants’ *customers* who are the “masterminds”

exercising direction and control over the process. Yet, plaintiffs seek to impose liability not on the customers, but on defendants. For this reason, they are proceeding against defendants on a theory of induced infringement. In other words, plaintiffs are arguing that defendants are liable for infringing the method patents because defendants induced their customers to direct and control *defendants*.

Putting aside the question whether plaintiffs timely disclosed this unique theory to defendants, I am not convinced that it is viable. The court is not aware of any case in which a “direction and control” theory was used to impose liability on someone other than the controlling party. Accordingly, I will give plaintiffs until midnight on Thursday, September 25, 2014, to show cause why they should be allowed to proceed to trial on this theory of induced infringement. Defendants have until midnight on Saturday, September 27, in which to file a response.

Entered this 23rd day of September, 2014.

BY THE COURT:

/s/

BARBARA B. CRABB
District Judge